

FISCAL NOTE

SB 305 - HB 482

April 16, 2001

SUMMARY OF BILL: Replaces the TennCare program with three separate programs: (1) a Medicaid managed care program; (2) a Children's Health Insurance Program and (3) TennPool, a program for non-Medicaid eligible uninsured and uninsurable enrollees. The Medicaid managed care component is to utilize two or more health maintenance organizations. The Children's Health Insurance Program is to be provided by payment through an insurance plan or another entity. The children's program cannot be used to expand eligibility in the state's Medicaid program and is for persons 19 years of age or younger with a family income at or below two hundred percent of the federal poverty level. Participants may be charged annual fees, deductibles and co-payments. The TennPool portion of the program is to provide managed care to eligible uninsured and uninsurable persons and is to be funded with state funds, premiums and federal revenues, if applicable. The program may set a maximum number of persons to be served. The benefit package is to be no greater than the most basic managed care health plan offered to state employees.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Net Impact - \$143,000,000

Increase State Revenues - \$21,300,000/TennCare

Decrease State Revenues - \$11,400,000/General Fund

Other Fiscal Impact - Decrease Federal Expenditures - Net Impact - \$296,000,000

Estimate assumes:

- HCFA will approve the TennPool concept without matching federal participation for non-Medicaid eligible enrollees but may allow Tennessee to participate in disproportionate share payments (DSH) to safety net providers.
- a loss of the federal revenues for certified public expenditures (CPE) payments of some \$171,494,000 that currently require no state match
- a decrease in state and federal expenditures as the result of an estimated loss of some enrollees from the program due to changes required for the uninsured, uninsurable population of TennCare. Some enrollees covered under the uninsured, uninsurable population will qualify under Medicaid and will roll over to the TennCare Program. An increase in state expenditures to make up for the lost federal CPE funding share and potential matching payments for DSH.

- an estimated increase in premium revenue of \$21,300,000 to the state TennCare Program as a result of revisions in premiums for certain TennCare enrollees.
- a decrease in federal expenditures because of no funding match for uninsured and uninsurables that will be enrolled in TennPool. An increase in federal expenditures for DSH payments.
- some increase in administrative costs, no change in the Graduate Medical Education funding, Long Term Care, Services for Custody Children, Medicare Cost Sharing (Dual Eligibles) or the Partner's Program.
- some increase in state expenditures in the Department of Health as the result of increased utilization of public health clinics by former TennCare enrollees.
- a decrease in the 2% premium tax collected from TennCare MCOs of approximately \$11,400,000 because of the decrease in the number of capitation payments.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director